BULLETIN

RESERVE BANK OF NEW ZEALAND



WELLINGTON, N.Z.

APRIL · 1951

ARTICLES ON MONEY SUPPLY IN NEW ZEALAND

Since March, 1950, the Reserve Bank has sought by means of articles published in the "Bulletin" (previously "Statistical Summary") to provide information and explanation relative to current economic questions. During 1950 special attention was paid to the money supply in New Zealand and to related topics. These articles are now being reprinted as a pamphlet, thereby enabling them to be read in more convenient form and to reach a wider public. Copies of the reprint, which is entitled "Money Supply in New Zealand and Other Articles", will be supplied free of charge to existing subscribers and will also be on sale in the bookshops throughout New Zealand at a price of 2/6. Copies may also be obtained on application to the Secretary, Reserve Bank of New Zealand, Wellington, at the same price, post free.

TABLE OF CONTENTS

		Page
	Foreign Exchange	47
	Sulphur—A Key Commodity	50
	Synthetic Fibres	50
	General Agreement on Tariffs and Trade	51
	Current Notes	52
Tables:		
I	Reserve Bank of New Zealand: Liabilities and Assets	54
II	Trading Banks: Liabilities and Assets	55
III	Changes in Note Circulation	56
IV	Foreign Exchange:	
	1. Net Overseas Assets	57
	2. Foreign Exchange Transactions of New Zealand Banking System	57
	3. Overseas Exchange Transactions 1939-50	57
V	Trading Banks' Rates of Exchange	58
VI	Sterling Area Central Gold and Dollar Reserves	59
VII	Exports of New Zealand Produce	60

Note: Where figures are given to a certain degree of approximation the total shown may not be the same as the sum of the items.

Subscription 12/- a year, post free. For particulars apply to the Secretary, Reserve Bank of New Zealand, Wellington, New Zealand.

Foreign Exchange

III - EXCHANGE RATES AND TRANSACTIONS

IN AN EARLIER ARTICLE it was mentioned that the need for foreign exchange markets arose from the volume and complexity of international monetary transfers. All money transactions between countries involve at least one exchange of currencies because each country has its own currency which normally circulates only within its boundaries. Gold, of course, is an international currency but in its monetary form of coin or bars it is used mainly by Government authorities and is not freely available to the private trader.

The use of an international currency such as sterling may involve two exchanges of currencies. First the payer's local currency will be exchanged for sterling which is then exchanged for the currency desired by the payee. Changes from one currency to another are performed by exchange dealers (central and commercial banks, specialised firms, etc.) at prices which express each foreign currency in terms of the local currency. These prices are called exchange rates.

Exchange Rates

Dealers in foreign exchange (other than those holding official reserves) do not usually hold more than small working balances of foreign currencies, but arrange their daily purchases and sales so as to keep them approximately in balance. Also, as with any other dealers, they depend on their sales for their profits. They must therefore quote two prices for each currency in which they are prepared to deal. One of these is the amount of local currency they will give in exchange for a particular foreign currency i.e. their buying rate, and the other is the amount of the same foreign currency they will offer in exchange for local currency i.e. their selling rate. For example, dealers may offer to buy U.S. \$2.80$\frac{1}{8}$ for £Stg.1 and to sell U.S. \$2.79$\frac{7}{8}$ for £Stg.1. The difference between these rates of exchange is the dealers expense and profit margin. Buying and selling rates of exchange are expressed in two ways. Either a specified amount of foreign currency is offered for a unit of local currency, or a specified amount of local currency is offered for a unit of foreign currency. An example of the first is the rate of £Stg.1 = \$2.79$\frac{7}{8}$; and of the second, 1 Indian rupee = 1/6d. (both London quotations).

New Zealand Rates of Exchange

The foreign exchange market in New Zealand is operated by the Reserve Bank and the trading banks. The rates at which the Reserve Bank will buy and sell sterling are fixed by the Bank in terms of the Reserve Bank of New Zealand Act (Section 16), and all rates quoted by the trading banks are approved by the Bank under the Finance Emergency Regulations (1940) No. 2.

Under the Act the Reserve Bank has fixed its buying rate at £N.Z.100 = £Stg.100 and its selling rate at £N.Z.101 = £Stg.100. Transactions carried out by the trading banks are at the rate of £N.Z.100. 7. 6d. = £Stg.100 for purchases and £N.Z.101 = £Stg.100 for sales of sterling for immediate delivery, the transfer being arranged by cable. In addition to these "telegraphic transfer" rates, "usance" buying and selling rates are quoted, i.e. rates for transactions where the sterling funds are transferred only after a certain time. For example, the sterling amount of a traveller's cheque issued in the United Kingdom is not available to the New Zealand trading bank which cashes it for between one and two weeks, because the cheque must be sent by air mail to the issuing bank for collection. Similarly, the sterling represented by a bill of exchange drawn at say "60 days after sight" will not become available to the New Zealand bank which cashes it for about ten weeks. Transactions of this kind involve an interest allowance in the rate of exchange, because the bank is paying out in New Zealand in advance of reimbursement overseas. Thus the rate for buying a sterling traveller's cheque is £Stg.100 = £N.Z.100. 0. 9d. compared with £N.Z.100. 7. 6d. for a telegraphic transfer. The difference represents an allowance for interest and extra expenses involved. On the other hand a bank, in its selling rates for sterling, makes an allowance for interest if the sterling is not paid from its London balances for some time after it receives the New Zealand currency equivalent. For example, a bank will sell a telegraphic transfer of £Stg.100 for £N.Z.101, but will sell for £N.Z.100. 18. 6d., a draft for that amount payable in sterling 60 days after presentation. "Usance" selling transactions are however not common in New Zealand.

New Zealand's rates of exchange with currencies other than sterling are calculated by linking the New Zealand buying and selling rates for sterling with the corresponding London market rates for the other currencies. The reason for this method is that the main part of New Zealand's overseas earnings and payments is in sterling. Our trade with most countries is financed in sterling and only comparatively small amounts are received and paid directly in other currencies. New Zealand banks must buy on the London market the difference between their local purchases of foreign currencies and their sales, and consequently their rates of exchange for these currencies are dependent upon London market rates.

A table on page 58 of this "Bulletin" shows the principal rates of exchange quoted in New Zealand.

Receipts and Payments

The main source of New Zealand's receipts of foreign exchange is, of course, her exports. These are called "visible receipts" and in 1950 accounted for about 90 per cent of the total receipts of £213.6 million. The remainder, called "invisible receipts" are received from a variety of sources, e.g. overseas visitors to New Zealand, immigrants, interest and dividends on overseas investments, disbursements in New Zealand of overseas companies, commissions and royalties earned overseas by New Zealand firms, and personal receipts, such as legacies and gifts.

The bulk of New Zealand's overseas payments are made on account of imports. These are called "visible payments" and normally make up about 80 per cent

of the total. Other payments (the "invisible payments") include interest on public debt domiciled overseas, which requires an annual sum of about £2.7 million, other Government expenditure overseas, expenses of people travelling abroad, and remittances of profits, interest and dividends of overseas firms trading in New Zealand.

A full analysis of New Zealand's receipts and expenditure of overseas funds is contained in the February "Bulletin". These tables show the value, in New Zealand currency, of the banking system's dealings in foreign currencies.

Exchange Transactions

The ability of foreign exchange dealers to buy and sell foreign currencies depends upon a series of arrangements which they must make with overseas agents. For example, cable codes, authorised specimen signatures, etc. must be distributed by a dealer to all his overseas agents and methods of settlement for the various types of transactions must be arranged. A dealer will normally open many accounts throughout the world. He will also deal with other agents with whom he has no account and channel business done with the latter through his main accounts. New Zealand dealers (the trading banks) maintain accounts with banks in the United States, Canada, France and Switzerland, and many other countries with which New Zealand has trade and financial relations.

Purchases and sales of foreign exchange take place in a variety of ways, the more common methods used in New Zealand being described below.

Overseas Notes and Coin

It is not common for the trading banks to deal in large amounts of overseas notes and coin, but numerous small amounts are bought and sold by persons travelling from and to New Zealand. The buying rate for notes and coin is less favourable to the seller than other rates, because it has to make allowance for the dealer's expenses in packaging, insuring and returning the currency to the country of origin.

Telegraphic Transfers

A telegraphic transfer (T.T.) is the purchase or sale of foreign currency for immediate delivery. A bank will sell £100 from its balances in London for £N.Z.101 (plus cable charges) and cable its London office to make a payment in the United Kingdom. These instructions will be carried out within a short time of the bank receiving payment from the customer in New Zealand. A telegraphic transfer of funds to New Zealand is the converse of this transaction. An overseas remitter pays his own currency, say, U.S. dollars, into any American bank which acts as agent for a New Zealand bank. The American bank credits the amount to the New Zealand bank's account and cables instructions to it. The New Zealand bank converts the amount of U.S. dollars to New Zealand currency at its buying rate for telegraphic transfers and pays out this amount. In effect the New Zealand bank buys the dollars credited to its account in exchange for the equivalent amount of New Zealand currency.

Mail Transfers

An overseas receipt or payment by mail transfer differs from a telegraphic transfer in that dealers use air mails and not cables to forward their instructions. In these cases the "on demand" rates of exchange are used to convert one currency to another. In other respects the two methods are similar.

Bills of Exchange

One of the main methods by which New Zealand banks acquire foreign exchange is from the purchase of "documentary" and "clean" bills of exchange. A documentary bill is a bill of exchange drawn by a New Zealand exporter on an overseas importer, accompanied by a bill of lading and other documents relating to a shipment of goods. A clean bill is one unaccompanied by documents other than perhaps an invoice or statement.

Clean and documentary bills are usually drawn for the invoice value of the shipment and are expressed in overseas currency. For example, a New Zealand exporter to the U.S.A. might draw a dollar bill of exchange on the American importer for the value of the shipment. In certain circumstances a bank will purchase this bill (called a "negotiation") at the appropriate rate of exchange and pay the New Zealand exporter the New Zealand currency equivalent immediately. The bank then forwards the bill of exchange and accompanying documents to one of its agents near the place where the importer resides. The agent presents the bill to the importer, who after making payment receives the documents which entitle him to take delivery of the goods. The American bank credits the New Zealand bank's account with the proceeds of the bill. This "negotiation" results in the receipt of foreign exchange by the New Zealand bank.

Bills of exchange may be drawn "at sight", i.e., they must be paid when presented to the drawee, or "after sight", which means that the bill does not fall due for payment for the period stated on the bill, say, 30, 60 or 90 days after the drawee has sighted and accepted it. "After sight" bills are sometimes called "usance" bills and a dealer buys them at the appropriate "usance" rate of exchange (referred to above).

Bank Draft

This is a written document addressed by one bank to another authorising the latter to pay the amount of the draft to a named person on presentation. It also states how the paying bank is to be reimbursed. Bank drafts drawn in foreign currencies are sold by New Zealand banks and consequently from New Zealand's viewpoint are sales of foreign currency. When paid, foreign currency drafts drawn by New Zealand banks are charged to their overseas accounts.

When selling drafts on their New Zealand agents, overseas banks pay the appropriate amount in their own currency into the New Zealand banks' accounts. When the draft is presented in New Zealand the bank to whom it is addressed cashes it at its buying rate of exchange. For example, an American bank selling a draft for, say, £10 on its New Zealand agent will pay the equivalent amount in dollars into the New Zealand bank's account. The New Zealand bank, in effect, buys the dollars credited to its account when it purchases the draft for New Zealand currency.

Travellers' Cheques

Travellers' cheques drawn in certain foreign currencies are sold by New Zealand banks for the convenience of travellers going overseas, who may cash them at any place where the necessary arrangements have been made. Such places include hotels, ships, airports, etc., in addition to banks. To a dealer the procedure for the sale, purchase, and reimbursement for a foreign currency traveller's cheque is the same as for a bank draft.

Letter of Credit

A letter of credit is an authority issued by a bank authorising the beneficiary to draw money from another bank or another branch of the same bank. A letter of credit may be "clean" or "documentary", the former authorising payments against cheques or drafts, the latter requiring that bills drawn under the credit be accompanied by the documents relating to a shipment of goods.

The usefulness of a bank letter of credit is twofold. Firstly, it enables the beneficiary to obtain money from a bank to whom he or she is unknown. This is of special importance to travellers who can obtain a letter of credit from their own bank and cash cheques under it in overseas banks. Secondly, it enables an exporter to obtain payment from his own bank as soon as the goods are on board the ship. The credit will state what documents have to be produced before the bank will make payment. Thus the exporter does not need to wait for payment until the importer receives the goods. A letter of credit carries the assurance that drawings under it will be paid by the establishing bank provided that all the conditions of the credit are fully complied with.

Many bills of exchange negotiated by New Zealand banks are drawn under documentary letters of credit.

Clearing Transactions

In view of the fact that a large part of New Zealand's overseas receipts and payments with countries other than the United Kingdom are also made in sterling special clearing arrangements are involved in London.

An American importer who wants to buy New Zealand wool will purchase from his own bank a sterling telegraphic transfer in favour of a United Kingdom bank, and then instruct his wool-buyer in New Zealand to draw sterling bills of exchange on that bank. The London office of the New Zealand bank which "negotiates" the bills of exchange will present them to this bank for payment. Thus the New Zealand bank will receive sterling for wool exported to the United States, and the United Kingdom which pays out the sterling will receive dollars. Another type of transaction is where a bank in, say, India, draws a sterling draft on its New Zealand agent. The former will request its London office to pay the amount to the London office of the New Zealand bank. When the draft is cashed in New Zealand, the bank will pay out the New Zealand currency equivalent of the amount it receives in London.

Cover Transactions

Like other holders of foreign exchange, dealers are always faced with the risk of a change in the exchange rate for currencies they have purchased, but not yet sold. For every purchase of foreign exchange, they have paid out at the current rate of exchange, and should this rate alter they will make either a profit or loss on unsold amounts. Dealers, particularly banks, do not aim at making speculative exchange profits, nor do they want to make speculative losses. Therefore they try as far as possible to balance their sales and purchases of foreign currencies each day. They must hold some balances in order to be able to deal but these amounts are closely watched to keep them within certain limits. It is, however, rarely possible for a dealer to balance his sales and purchases each day by carrying out the normal transactions of his clients. These transactions nearly always leave the dealer with an addition to his holdings of one currency ("overbought") and a reduction in his holdings of another ("oversold"). The dealer could, of course, maintain an "overbought" or an "oversold" position since many of the day's operations, e.g., "usance" transactions, will not involve an immediate movement in overseas cash balances. But since this would probably leave the dealer exposed to the risk of overnight change in an exchange rate, he will "cover" his position. If during the day he has purchased more of one currency than he has sold, he will sell the excess; if his day's sales of another currency have exceeded his purchases, he will buy an amount of that currency to make up the deficiency. These covering transactions are carried out firstly with other dealers; and in the last resort with the central authorities, usually the central bank.

The trading banks in New Zealand do not usually carry out cover transactions with each other but use the Reserve Bank and the London market.

Forward Exchange

Importers and exporters are buyers and sellers of foreign currencies and may be exposed to exchange risks. An exporter who has given a firm price in overseas currency for a shipment of goods, will have done so only in the knowledge that the local currency equivalent of the contract price will cover his costs and provide a profit. Similarly an importer will accept a price expressed in overseas currency only when it converts into a local currency price which will enable the goods to be sold at a profit. When an exchange rate changes, importers and exporters may make exchange losses or profits, unless they take steps to avoid them.

Foreign exchange dealers will, provided certain conditions are fulfilled, protect buyers and sellers from exchange risks by contracting to deal with them in the future at rates of exchange fixed in advance. Such transactions are called forward exchange contracts, and their essential feature is that the dealer and client agree on a rate of exchange which will apply to a future transaction or series of transactions, over a stated period, regardless of what the future exchange rate might be. For example a dealer might agree to buy or sell $100 in a month's time at $\$3 = £1$, but in the meantime the actual rate may have changed to $\$3\frac{1}{2} = £1$. In practice, dealers quote their forward buying and selling rates in monthly periods up to, say, six months ahead, and allow a margin in them to cover their risk and extra expenses involved by undertaking forward exchange contracts.

New Zealand banks offer forward exchange contracts in the principal currencies in which they deal.

Sulphur—A Key Commodity

THE CURRENT WORLD SITUATION has resulted in shortages of many important commodities, one of those most seriously affected being sulphur which is a raw material for many industries, including those producing fertilisers and synthetic fibres.

Although raw sulphur is found in other countries, the United States is by far the largest and most efficient producer and dominates international trade in the commodity. No large new deposits have been discovered since 1938. In 1950 the United States produced 5.2 million tons of sulphur (90 per cent of the world's supply) of which 4.0 million tons were reserved for domestic use. Exports, including a small amount from stocks totalled 1.36 million tons. The British Commonwealth took about 70 per cent of this exportable surplus. In 1951, however, it is expected that production will be only 4.9 million tons and owing to the demands of the U.S. rearmament programme and the possible exhaustion of deposits within 15 or 20 years, exports are to be restricted to 0.8 million tons. Industries outside the United States dependent upon sulphur are therefore faced with a serious fall in supplies, and to discuss this problem a committee comprising representatives from Australia, Benelux, Brazil, Canada, France, Italy, New Zealand, South Africa, the United Kingdom and the United States, began sessions in Washington on 1st March.

Other countries producing sulphur include Mexico, Sicily, Bolivia, Japan and Canada, but production is small and costs relatively high.

New Zealand's largest sulphur deposits are found on White Island, but these are very limited in amount and have never been commercially successful. They have not been worked since before the war because of the difficult working conditions, White Island being an active volcano. In addition there are 5,000 tons of high cost sulphur at Rotokawa and other small deposits near Rotorua which could perhaps be worked in an emergency. The Dominion is therefore dependent upon imports for its regular supplies of sulphur, 97½ per cent of which came from the United States in 1949. Sulphur may be obtained not only directly from mineral deposits but also from pyrites (iron disulphide) and from anhydrite (anhydrous calcium sulphate). With raw sulphur likely to be relatively scarce in the future, attempts are being made in Europe and elsewhere to change over to these alternative raw materials in the manufacture of sulphuric acid and fertilisers. New Zealand also may in time use greater quantities of pyrites.

Sulphur is an essential agent in the present method of producing superphosphate, phosphate being the plant food in which almost all New Zealand soils are deficient. Superphosphate is essential for the expansion of farm productivity in this country. Farmers have increased their use of superphosphate in recent years, and new plant has recently been erected to meet the rising demand. It was planned to produce 750,000 tons of superphosphate in 1951, requiring 90,000 tons of sulphur for its manufacture; but New Zealand's quota for 1951 is only 52,500 tons, sufficient to produce about 451,500 tons of superphosphate. This reduction of 40 per cent in the supply of an essential fertiliser might have had serious consequences for our primary industries, but the position is being met by prohibiting the sale of straight superphosphate and making available instead certain standard mixtures. Phosphate production will be brought up to 538,000 tons by the withdrawal of 10,000 tons of sulphur from reserves, and, with other material added, 700,000 tons of substitute products should be available to farmers this year. The materials to be added include ground serpentine rock (a mineral found in New Zealand, mainly magnesium silicate), ground Nauru rock phosphate, and carbonate of lime.

Field experiments carried out by the Department of Agriculture with serpentine superphosphate gave results more or less equal to those obtained from straight superphosphate in most areas in New Zealand. It is expected therefore that overall farm production will not be adversely affected.

Synthetic Fibres

THE SUBSTANTIAL RISES that have occurred in the last nine months in the prices for raw wool and cotton have resulted in increased attention being paid to the production of synthetic or "man-made" fibres. An article in "Wool Intelligence" of December, 1950, published by the Commonwealth Economic Committee, describes briefly the main features of the more important synthetic fibres, conveniently grouped into two categories:—

(a) semi-synthetic (made from cellulose or protein) and

(b) wholly-synthetic (mineral in origin).

Of the fibres made from cellulose the most important is rayon, production of which substantially increased in 1950. The major producing countries are the United States, United Kingdom, Germany, Italy, France and Japan. In the first six months of 1950 the monthly average production in these countries was 27 per cent. higher than the 1949 monthly average.

Fibres manufactured from a protein base include the following:—"Ardil", which is made from groundnut protein; "Vicara", made from corn protein; "Lanital" and "Fibrolane" made from milk protein

(casein); and numerous others made from proteins derived from such materials as soyabeans, feathers, eggs and fish.

A number of these fibres are still in the experimental stage. In many cases the output of protein fibres, which have proved successful experimentally, is limited by the competing demand for their base materials for food purposes.

In general those protein fibres which are already, or shortly will be, in commercial production ("Ardil" and "Fibrolane" in the United Kingdom, "Vicara" in the United States, "Lanital" in Italy and soyabean fibre in Japan) do not possess all the qualities of wool but have a marked price advantage. It is expected that they will prove most useful in blends with wool.

"Ardil", one of the two protein fibres manufactured in the United Kingdom, illustrates the price advantage these fibres possess over the natural fibres. Primarily an apparel fibre it is expected to be marketed at 42d. per lb. compared with apparel wool prices (U.K., November, 1950) ranging from 145d. to 216d. per lb. and cotton prices of 45.8d. to 68.8d. per lb.

The second group, wholly-synthetic fibres, are usually made from a coal-tar or petroleum chemical. Although cheaper than wool at the present time they are more expensive to produce than the protein fibres but possess special qualities, such as greater strength and greater resistance to abrasion than wool, which have made them successful in certain uses.

Of the fibres in this group possibly the most significant so far are "Orlon", "Terylene" (known in the United States as Fibre V), Nylon, Perlon and "Vinyon N".

The production of "Orlon" on a commercial scale began in 1949 in the United States, and as a staple fibre it is used in the manufacture of a wide range of goods, e.g. awnings, tarpaulins, blankets and apparel. Its main drawback for certain types of apparel is its lack of absorbency, but despite a high cost of production "Orlon" can compete with wool in the best suitings. It is manufactured in the United States and production of continuous filament yarn and staple fibre is expected to total 37 million lbs. annually by 1952.

Nylon 66 and Nylon 6 (Perlon) are the two types of nylon generally produced, the first in the United States, Canada and West Europe, the second in Germany, Switzerland and probably also Czechoslovakia. Output of nylon 66 in the United States totalled about 90 million lbs. in 1950 while the United Kingdom output has been estimated at 10 million lbs. in 1950.

Nylon is a highly competitive fibre due not so much to its initial cost, (in December, 1950, staple fibre was 132d. per lb. in the United Kingdom) as to its functional qualities. Nylon combines high tensile strength with lightness in weight, durability, elasticity, high wet strength, easy cleaning properties and resistance to deterioration. Accordingly it has a wide range of uses.

"Terylene", manufactured in the United Kingdom, resembles nylon in certain respects and is used to produce ropes, sewing thread and curtains.

The wholly-synthetic fibres have an advantage over the protein fibres in that their raw material bases have not so important alternative uses, such as food, but even so their raw material bases are not unlimited. For instance, in the United States, synthetic rubber and one type of nylon derive from the same base and expanded production of one precludes an expansion in the production of the other.

Summing up, the fully synthetic fibres have been successful to date in specialised uses, but at present no synthetic fibre is a direct substitute for wool. The tendency is either to use a synthetic by itself because it has qualities not found in wool or cotton and therefore has its own market; or to use it for blending with other fibres. New types of synthetics are being developed but due mainly to technical difficulties production cannot be expanded sufficiently to affect, in the short-run at least, the demand for natural fibres such as wool and cotton.

General Agreement on Tariffs and Trade

THE FOLLOWING IS AN EXTRACT from a Press Release of the United States Department of State, dated 18th December, 1950:—

"Twenty-nine countries who are contracting parties to the General Agreement on Tariffs and Trade ended their fifth session on December 16 at Torquay, England, after acting on the most important and extensive agenda that had faced any session.

The session was also attended by observers from the International Monetary Fund, the Organization for European Economic Co-operation, the United Nations, the seven Governments now negotiating for accession to the agreement (Austria, Federal Republic of Germany, Korea, Peru, Philippines, Turkey, Uruguay), and six other countries (El Salvador, Guatemala, Mexico, Venezuela, Switzerland, Yugoslavia).

The meetings of the contracting parties were held in a spirit of genuine co-operation and goodwill, and member countries settled several troublesome trade disputes. This meeting has demonstrated again the growing vitality and strength of the General Agreement on Tariffs and Trade as a most effective and practical means for dealing with problems of mutual interest in the trade field.

In consultation between the contracting parties and certain countries maintaining import restrictions against dollar goods, representatives of the International Monetary Fund and of the United States, Belgium, Cuba, and Canada expressed the view that the dollar position of the United Kingdom, Australia, New Zealand, Ceylon, and Southern Rhodesia had reached the point where a beginning of progressive relaxation of these restrictions was possible. The representatives of these countries in

the sterling area agreed that their governments would carefully consider these views and also the analysis presented by the International Monetary Fund. They also expressed the view that insufficient attention has been paid to the danger that the present improvement in their dollar situation might not be typical but was rather the result of abnormal temporary factors.

The contracting parties completed the first stage of the preparatory work looking toward the establishment of a more effective machinery to administer the agreement between plenary sessions of the participating countries. Their decisions included the adoption of—

(1) a procedure for obtaining information needed in the detailed examination of current import and export restrictions;

(2) a recommended code of standard practices for the administration of the necessary trade restrictions.

They rejected a proposal for the amendment of the Agreement to include certain articles dealing with employment and economic activity.

They agreed, in the light of the current international situation, to extend the time during which parties may use exceptional import controls in regard to commodities in short supply and commodities of which there are large government-owned stocks. The United States now has in effect such import controls on certain fats and oils and on rice.

The fifth session of the contracting parties also studied the settlement of a number of disputes arising out of complaints that the benefits of the agreement had been nullified or impaired by the action of individual countries. Brazil agreed to take the necessary steps toward the amendment of its internal tax legislation so as to eliminate certain discriminations against imported products. Australia and Chile announced the settlement of a case brought by the latter that Australia had, through discriminatory subsidy action, nullified the value of a tariff concession granted on sodium nitrate, and the United Kingdom announced that efforts were being made to find a way to eliminate discrimination against imports resulting from the British purchase tax. A Czech complaint charging that the United States violated the agreement in recently withdrawing tariff concessions on women's fur felt hats and hat bodies, under the 'escape clause' (article XIX of the Agreement) is being considered by an intersessional working party which will report to the next session.

Acting under the provisions of the General Agreement relating to economic development, the contracting parties authorized Haiti to continue certain import controls for five years in order to encourage tobacco production and the development of a more diversified economy. Requests for authority to continue similar measures on various products for the same reason submitted by Denmark and Italy were withdrawn during the course of the session.

The sixth session of the contracting parties will be held at Geneva, Switzerland, beginning September 17, 1951."

Current Notes

Wool-Buying Finance

An article on pages 47 to 49 of this "Bulletin" describing exchange rates and transactions illustrates how the New Zealand banking system acquires foreign exchange, of which the principal source is exports. Due to the substantial rises in wool prices in recent months this commodity now accounts for a very large proportion of foreign exchange receipts. An outline of the methods by which wool-buyers operating at New Zealand auctions finance their purchases is useful not only in assessing causes of changes in the trading banks' statistics but also as a practical example of a particular form of exchange transaction. The usual procedure is as follows:—

1. Before the auctions commence the overseas merchant, acting through his own bank, arranges finance for his anticipated purchases by establishing a documentary letter of credit with a bank in New Zealand, or remitting money to New Zealand by telegraphic or mail transfer.

2. The woolbuyer bids at auction and purchases a certain quantity of wool.

3. On the "prompt day"—in normal shipping circumstances 18 days after the auction—the woolbuyer is required to pay the broker for the wool he has purchased.

4. The purchase money is provided by any of the following methods:—

(a) By negotiating a bill of exchange under the letter of credit. The bill thus acquired by the New Zealand bank becomes part of its net overseas assets.

(b) From remittances received from overseas by telegraphic or mail transfer.

(c) If the buyer is unable to negotiate under his letter of credit due to his inability to produce the full set of shipping documents called for, he will avail himself of an advance under other clauses in his credit, and these are termed "red clause advances".

(d) By bank overdraft secured otherwise than under letter of credit if the latter is not a "red clause" credit.

5. In the case where the payment on "prompt day" is provided under (c) or (d), the advance or overdraft is extinguished by negotiations under the credit of bills supported by complete shipping documents, or

by receipt of funds from overseas by telegraphic or mail transfer.

The effect of the above transactions is to increase the net overseas assets of the New Zealand banking system, and to increase the money supply. There is also (to the extent that methods (c) and (d) above are used) a temporary increase in bank overdrafts.

United Kingdom's Gold and Dollar Reserves

The United Kingdom Treasury has announced that during the first quarter of 1951 the United Kingdom gold and dollar reserves increased by $458 million as a result of a sterling area net surplus of $360 million and Marshall Aid (which had accrued up to 31st December, 1950) amounting to $98 million. The level of reserves at the end of March, 1951, was $3,758 million compared with $1,984 million for the corresponding period last year and $1,912 million on 31st March, 1949. The figures for reserves are the central gold and dollar reserves for the sterling area; that is, the gold, and the United States and Canadian dollar holdings of the United Kingdom Exchange Equalisation Account. They do not include gold and dollars held by other sterling area countries. The surplus or deficit figures apply to the gold and dollar transactions of the United Kingdom and the net sales to, or drawings on, the central reserves by countries in the rest of the sterling area arising from dollar surpluses or deficits.

The substantial gold and dollar surplus in the current quarter was mainly due to higher dollar earnings by sterling area countries outside the United Kingdom, the United Kingdom herself remaining in deficit with the dollar area. Owing to increased import requirements, higher import prices, and the payment of the first instalment on the dollar loans of 1946, the dollar position during the remainder of 1951 is expected to be less favourable despite higher export earnings. The gold and dollar reserves may cease to grow, and may even start to decline.

The United Kingdom's gold and dollar deficits or surpluses and the movement in gold and dollar reserves since 1946 are set out on page 59. These show how the large and growing deficit in 1946 and 1947 was met by the use of reserves and by borrowing. After the exhaustion early in 1948 of the United States credit of $3,750 million and the introduction of Marshall Aid, of which over 85 per cent was by way of free grants, comparatively little borrowing was necessary although the general decline in reserves continued until the devaluation of sterling in September, 1949. Since then both Marshall Aid and (more recently) earned surpluses have caused reserves to rise.

Dollar Import Policy 1951

On the 2nd April, 1951, acting on recommendations by the Board of Trade, the Minister in Charge of Import Licensing, announced the Government's policy in respect of goods from Canada and the U.S.A. Compared with £17 million in 1950, expenditure of dollars for imports in 1951 is expected to amount to £28 million—an increase of more than 60 per cent. (In 1950, however, dollar imports were more than 30 per cent below their 1948 value.)

The main reasons for the increase in 1951 are:—

(a) The substantial rises in the prices of many commodities in recent months;

(b) The need to procure from dollar sources essential goods not available from soft-currency areas; and

(c) Increased imports of some items, notably motor-cars, adding and computing machines, pure-bred cattle, certain types of insecticides, and building soft-woods.

No further relaxation in dollar import policy is possible in view of the agreement between Commonwealth countries, to which New Zealand is a party. The most important item in which increased dollar imports will be allowed this year is motor-cars for which £1.5 million has been provided, sufficient for about 3,000 cars. There was no allocation for motor-cars in 1950.

Dairy Produce Prices

The United Kingdom Ministry of Food had agreed to purchase finest and first grade butter and first grade cheese from New Zealand in the current season, 1st August, 1950, to 31st July, 1951, at prices 7½ per cent above the 1949/50 season's prices. This is the maximum increase permissible under the bulk purchase agreement.

In August, 1950, it was announced that because no agreement could be reached on butter and cheese, export prices for the 1950/51 season, shipments would be made at the 1949/50 season's prices on pro forma invoice with the New Zealand Dairy Products Marketing Commission reserving the right to raise the matter of price at any time during the season. The amount of butter and cheese available for markets outside the United Kingdom in 1950/51, was increased from 3 per cent to 7½ per cent (calculated in terms of butterfat) of the butter and cheese exportable surplus, with the amount of cheese involved limited to 14,000 tons.

Since August, negotiations concerning prices have continued, the result being that in December, 1950, the United Kingdom, though refusing to increase prices, agreed on a further increase in the percentage of butter and cheese available for export to other markets. From 7½ per cent the allocation was increased to 10 per cent (with a proviso that the quantity of cheese should not exceed 12,000 tons).

The increased prices per cwt. (all f.o.b.) recently agreed upon, with the 1949/50 season's prices in brackets, are as follows:—

Finest butter, 271/6d. (252/6d.); first grade, 270/3d. (251/3d.); finest and first grade cheese, 151/- (141/6d.). Prices for second grade or whey butter, or for second grade cheese, were not increased.

The main effect of the increased prices will be to increase the income of the dairy industry in the 1950/51 season by about £3.25 million. The Commission will now receive from the United Kingdom Ministry of Food for both butter and cheese 5/- per cwt. more than the prices paid to local producers under the guaranteed price. Previously the Commission was incurring a loss of 14/- per cwt. on butter and 4/6d. per cwt. for cheese, at present guaranteed prices, these amounts being drawn from the Dairy Industry Stabilization Account.

I—RESERVE BANK OF NEW ZEALAND

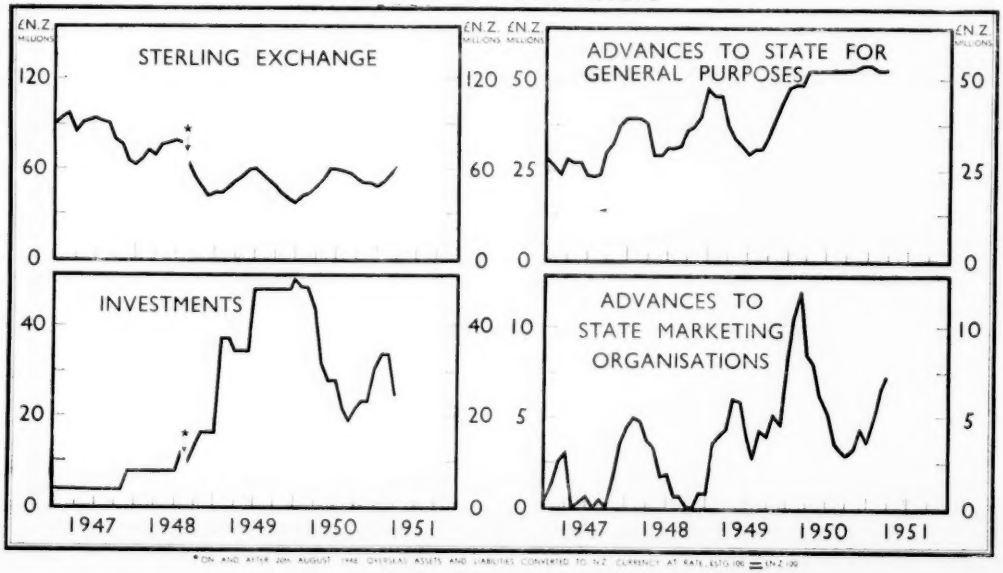
(£N.Z. thousands)

Liabilities and Assets

Average of Weekly Figures:	LIABILITIES					ASSETS							
		Demand Liabilities				Reserve				Advances to State			
	Bank Notes	State	Banks	Wool Retention Account†	Other	Gold	Sterling Exchange	Other* Exchange	Investments	Market'g Orgns.	Other	Other Advances and Discounts	Other Assets*
1944	37,453	13,234	32,987		916	2,802	33,720		11,509	2,760	34,861		2,567
1945	41,123	12,228	43,972		1,012	2,802	60,064		11,797	2,085	24,163		1,455
1946	45,169	17,302	59,731		524	2,802	81,332		5,991	961	35,127		1,396
1947	47,682	13,265	57,102		483	2,802	85,300		4,576	1,157	28,510	5	1,046
1948*	48,930	13,228	57,706		380	2,802	65,090		10,496	1,698	35,182	2,437	7,549
1949	51,312	11,384	73,837		355	3,223	48,995		41,855	3,482	37,628	4,907	1,973
1950	55,126	15,446	74,239	117	1,115	4,269	51,319	256	31,313	5,096	52,245	5,378	2,277
Last Wednesday in Month:													
1950—Mar.	53,196	34,195	69,277		618	4,027	47,344	188	43,658	8,598	53,000	5,203	1,489
Apr.	54,513	16,245	76,991		873	4,112	51,955	182	31,658	8,034	53,000	5,213	1,016
May	53,893	10,635	83,973		1,997	4,224	59,309	181	27,658	6,254	53,000	5,291	1,084
June	54,148	18,262	76,879		4,825	4,259	58,652	209	27,658	5,094	53,000	5,433	5,700
July	54,722	13,920	75,101		1,302	4,323	57,882	209	22,658	3,483	53,000	5,462	3,948
Aug.	54,550	10,590	72,249		1,122	4,397	56,678	615	17,658	3,077	53,020	5,480	3,657
Sept.	54,307	11,674	70,822		958	4,426	52,058	504	21,974	2,789	53,000	5,488	3,604
Oct.	55,274	11,323	72,302		1,007	4,569	49,783	257	25,974	3,206	53,244	5,502	3,511
Nov.	57,473	12,556	70,210		894	4,666	49,596	389	25,974	4,304	54,292	5,503	2,567
Dec.	62,216	14,985	62,579	3,114	556	4,697	47,946	350	30,974	3,558	54,178	5,701	2,386
1951—Jan.	58,583	17,416	67,367	10,889	893	4,810	50,702	390	35,974	4,832	53,000	9,180	2,668
Feb.	57,704	29,924	67,390	7,859	722	4,871	56,333	289	35,974	6,199	53,000	8,855	4,576
Mar.	58,418	44,884	49,060	6,741	756	4,932	60,970	349	27,974	7,372	53,000	7,217	4,663
Apr. 4	58,135	39,085	51,539	5,406	662	4,949	62,668	379	25,974	6,240	50,000	7,153	4,256
11	58,234	36,765	55,816	3,521	689	4,950	62,962	516	25,974	5,843	50,000	7,265	4,254
18	58,361	34,157	58,365	3,756	683	4,959	63,472	500	25,974	5,678	50,000	7,344	4,129
25	58,675	21,673	65,834	3,849	657	4,959	64,916	544	15,974	9,607	50,000	7,270	4,182

* On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100.
* Prior to 1950 the figures for "Other Exchange" are included under "Other Assets".
† Held temporarily pending transfer to Wool Retention Accounts at trading banks. See text page 19 of February, 1951 issue.

RESERVE BANK'S ASSETS



* ON AND AFTER 20th AUGUST 1948 OVERSEAS ASSETS AND LIABILITIES CONVERTED TO N.Z. CURRENCY AT RATE £STG.100 = £N.Z.100

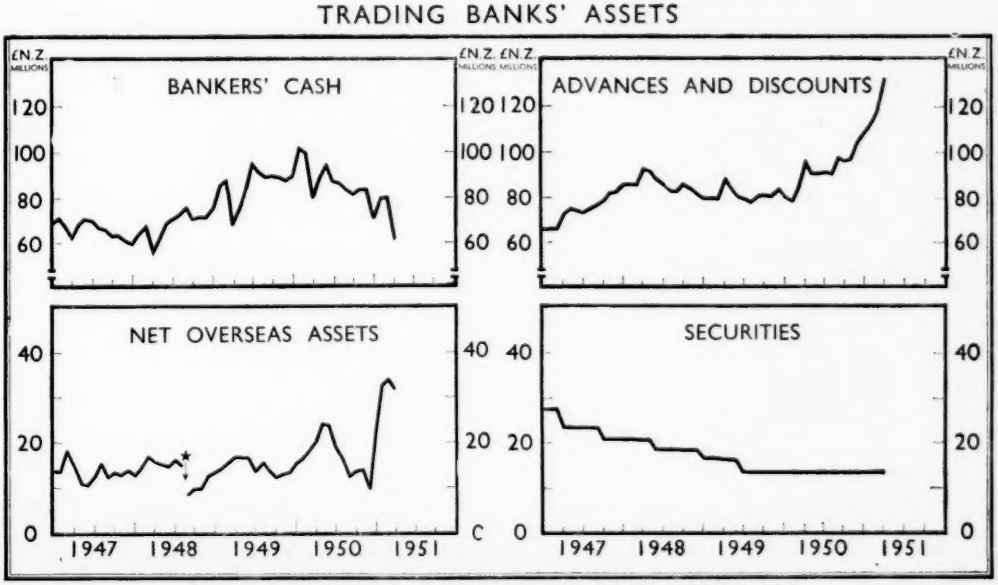
II—TRADING BANKS

(£N.Z. thousands)

Liabilities and Assets

Average of Monthly Figures:	LIABILITIES (in New Zealand)				ASSETS					Unexercised Overdraft Authorities
	Demand	Time: Wool Retention Accounts ‡	Time: Other	Total Demand and Time Liabilities	Bankers' Cash*	Net O'seas Assets	Securities: Govt.	Securities: Other	Advances and Discounts	
1944	88,644		30,480	119,125	39,384	11,938	36,141	2,424	46,806	37,120
1945	99,836		31,634	131,470	52,402	13,647	29,335	2,473	51,618	40,274
1946	117,071		34,414	151,485	67,794	12,541	26,168	2,293	58,342	45,041
1947	128,115		37,870	165,984	66,041	13,295	20,913	2,124	76,247	46,669
1948*	138,211		40,403	178,614	68,814	13,464	16,953	1,942	86,470	50,650
1949	150,699		39,016	189,715	86,120	14,526	12,856	1,813	81,981	57,686
1950	167,526		39,787	207,313	86,674	17,362	11,730	1,677	94,065	64,178
Last Wednesday in Month:										
1950—Mar.	164,591		39,043	203,635	79,696	20,100	11,731	1,712	96,071	58,800
Apr.	176,922		39,801	216,723	88,058	23,924	11,731	1,704	91,176	61,751
May	173,680		40,231	213,911	94,284	23,634	11,730	1,690	90,936	62,641
June	165,432		40,194	205,626	87,611	18,605	11,730	1,688	91,573	63,116
July	163,306		39,800	203,106	86,307	16,169	11,730	1,667	90,607	64,714
Aug.	157,556		40,084	197,640	83,534	12,302	11,730	1,652	97,819	64,285
Sept.	157,883		40,834	198,717	81,797	13,374	11,730	1,649	96,473	64,143
Oct.	162,324		40,094	202,418	83,610	13,927	11,730	1,646	97,087	67,889
Nov.	164,530		39,827	204,357	83,751	9,670	11,730	1,636	105,113	66,274
Dec.20	186,616		39,538	226,153	70,339	22,013	11,730	1,634	108,979	71,347
1951—Jan.	194,692	784	39,805	235,281	79,759	32,482	11,730	1,590	112,617	72,294
Feb.	193,039	4,886	39,156	237,080	80,156	34,053	11,715	1,576	118,287	75,416
Mar.	193,709	9,644	39,770	243,124	60,784	31,504	11,715	1,574	133,271	70,364

* Bankers' Cash includes Notes and Coin, and Balances at Reserve Bank. ‡ See text page 19 of February, 1951 issue.
✱ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100.



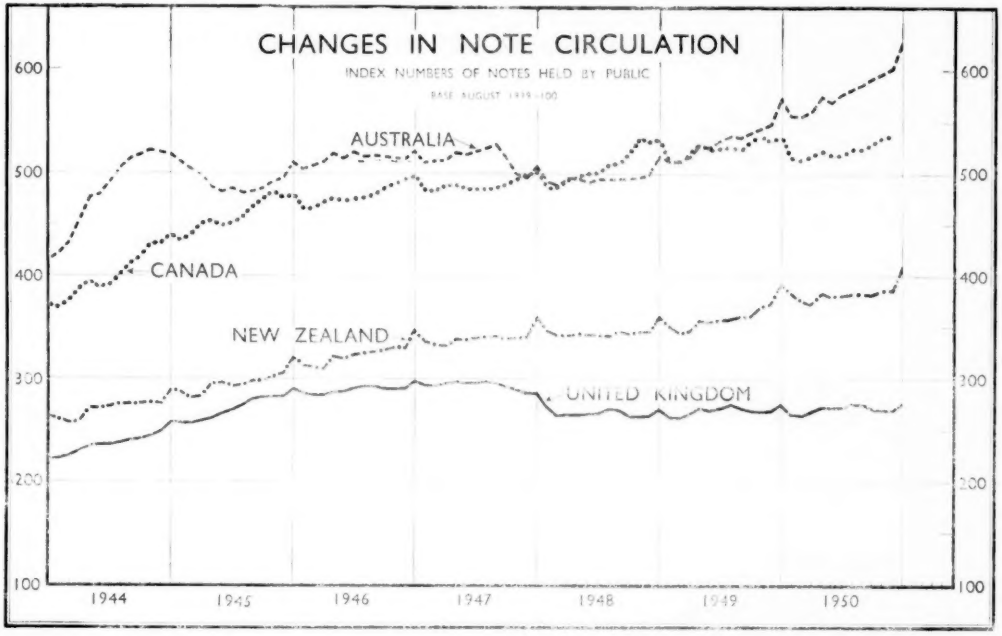
III—CHANGES IN NOTE CIRCULATION

Index Numbers of Notes Held by the Public

Base : August, 1939=100.

Monthly:	1948				1949				1950			
	United Kingdom*	Canada†	Australia	New Zealand	United Kingdom*	Canada†	Australia	New Zealand	United Kingdom*	Canada†	Australia	New Zealand
Jan.	272	486	492	346	263	513	511	350	265	514	556	382
Feb.	264	487	488	342	262	510	511	344	264	512	555	375
Mar.	265	494	496	342	266	519	517	346	267	517	560	372
Apr.	265	497	496	343	271	529	527	357	271	521	573	382
May	266	500	492	343	269	523	525	355	271	517	569	380
June	267	501	495	342	271	524	532	356	271	517	577	380
July	271	509	495	342	274	526	536	357	275	524	581	382
Aug.	269	510	495	345	271	522	535	360	274	523	585	382
Sept.	264	522	495	343	268	531	539	360	270	529	591	381
Oct.	263	535	497	345	267	537	543	369	268	535	595	385
Nov.	263	531	499	345	267	531	547	372	269	537	601	385
Dec.	269	534	517	358	273	536	571	392	277	546	625	406

* Notes and coin excluding notes and coin held by Bank of England Reserve, London Clearing Banks and Scottish and N. Ireland Banks.
† Chartered Bank note circulation and Bank of Canada notes—average of daily figures.



IV—FOREIGN EXCHANGE

1. Net Overseas Assets (Revised Series)*

(£N.Z. thousands)

Last Wednesday in Month:	1948	1949			1950			1951		
	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total	Reserve Bank	Trading Banks	Total
Jan.	**84,819**	50,770	14,038	**64,809**	46,862	16,498	**63,360**	58,413	32,482	**90,895**
Feb.	**94,240**	54,329	15,536	**69,865**	49,179	18,125	**67,304**	65,198	34,053	**99,251**
Mar.	**89,636**	58,227	16,749	**74,975**	54,076	20,100	**74,175**	68,254	31,504	**99,758**
Apr.	**95,551**	60,998	16,730	**77,728**	58,362	23,924	**82,285**			
May	**97,296**	65,652	16,598	**82,250**	65,607	23,634	**89,241**			
June	**100,017**	66,364	13,623	**79,987**	68,411	18,605	**87,016**			
July	**100,344**	62,756	15,281	**78,037**	67,340	16,169	**83,509**			
Aug.	**78,568** ✱	58,312	13,435	**71,747**	66,099	12,302	**78,402**			
Sept.	**72,804**	54,832	11,166	**65,998**	57,635	13,374	**71,009**			
Oct.	**66,487**	49,474	12,691	**62,165**	54,916	13,927	**68,843**			
Nov.	**63,138**	46,961	13,141	**60,102**	53,871	9,670	**63,541**			
Dec.	**66,052**†	44,418†	15,320†	**59,738**†	50,971†	22,013†	**72,984**†			

* Foreign exchange and overseas investments held by the New Zealand banking system in respect of New Zealand business, less overseas liabilities. The Reserve Bank figures include not only sterling exchange as formerly, but also other foreign exchange holdings and overseas investments.
✱ On and after 20th August, 1948, overseas assets and liabilities converted to N.Z. currency at rate, £Stg.100 = £N.Z.100. † Last Wednesday before Christmas.

2. Foreign Exchange Transactions of New Zealand Banking System

(£N.Z. thousands)

Calendar Month	1950					1951				
	RECEIPTS		PAYMENTS		Balance of Transactions	RECEIPTS		PAYMENTS		Balance of Transactions
	Exports	Other	Imports*	Other		Exports	Other	Imports*	Other	
Jan.	18,249	1,744	12,238	2,318	+ 5,437	30,042	2,125	13,938	3,027	+15,202
Feb.	17,500	1,657	12,749	3,133	+ 3,274	26,044	1,509	16,207	2,813	+ 8,532
Mar.	22,648	1,430	13,066	4,365	+ 6,647	15,546	2,188	14,773	2,485	+ 476
April	17,582	1,445	9,403	2,754	+ 6,870					
May	22,079	1,834	14,099	3,272	+ 6,543					
June	14,186	1,699	15,130	3,392	— 2,637					
July	11,685	1,817	11,994	3,701	— 2,194					
Aug.	10,486	1,980	14,566	4,040	— 6,140					
Sept.	9,738	1,138	16,011	1,466	— 6,601					
Oct.	11,609	1,278	14,338	3,326	— 4,777					
Nov.	12,666	1,539	15,476	2,113	— 3,384					
Dec.	26,160	1,426	13,695	2,474	+ 11,417					
Total	**194,588**	**18,988**	**162,767**	**36,354**	**+ 14,455**					

* Includes estimated payments for Government imports.

3. Overseas Exchange Transactions, 1939-1950

(£N.Z. millions)

	1939[1]	1940	1941	1942	1943	1944	1945	1946	1947	1948[2]	1949[2]	1950
Receipts:												
Exports	65,907	74,633	71,055	82,316	76,686	80,546	97,574	112,054	129,045	145,029	139,203	194,588
Lump Sum Payments	—	—	—	—	—	19,900	4,975	4,975	4,975	—	—	—
Other Receipts	9,093	7,931	9,296	12,297	27,792	26,022	26,603	31,104	30,501	28,508	19,531	18,988
Total	**75,000**	**82,564**	**80,351**	**94,613**	**104,478**	**126,468**	**129,152**	**148,133**	**164,521**	**173,537**	**158,734**	**213,576**
Payments:												
Imports	48,860	52,055	43,067	36,439	31,215	32,834	33,574	62,397	118,321	111,647	126,630[3]	162,768[3]
Debt Repayments (Govt.[4] and Local Body)	n.a.	n.a.	17,574	7,915	21,838	8,504	1,305	52,795	14,600	4,543	2,322	679
Interest on Debt (Govt. and Local Body)	n.a.	n.a.	7,094	7,179	7,117	6,691	6,393	5,961	4,996	4,005	3,221	2,744
Other Payments[5]	n.a.	n.a.	14,478	29,069	41,136	50,735	44,725	33,540	52,552	52,238	33,050	32,930
Total	**68,680**	**74,878**	**82,213**	**80,602**	**101,306**	**98,764**	**85,997**	**154,693**	**190,469**	**172,433**	**165,223**	**199,121**
Balance	**+6.320**	**+7,686**	**—1,862**	**+14.011**	**+3,172**	**+27,704**	**+43,155**	**—6,560**	**—25,948**	**+1.104**	**—6.490**	**+14,455**

[1] From 7th December, 1938, to 31st December, 1939.
[2] Revised.
[3] Includes estimated amounts for Government Imports, paid for through Trade Commissioners.
[4] Estimates only.
[5] Includes certain unidentifiable amounts for Government Imports between 1941 and 1948 inclusive.

V—TRADING BANKS' RATES OF EXCHANGE

Quotations current at 26th April, 1951

(a) NEW ZEALAND ON LONDON*

Trading Banks in New Zealand:

	BUY: Sterling in the form of Telegraphic Transfers, Bills and Cheques, etc., payable in London and Sterling Notes. At the rate of £Stg.100 0 0 per:—		SELL: Sterling in the form of Telegraphic Transfers and Drafts† payable in London and Sterling Notes. At the rate of £Stg.100 0 0 per:—
Telegraphic Transfers (remittances by cable)	£N.Z.100 7 6		£N.Z.101 0 0
	Air Mail‡	Sea Mail	Air Mail and Sea Mail
Bills, Cheques or Drafts payable "on demand"	£N.Z.100 0 9	£N.Z. 99 16 9	£N.Z.101 0 0
Bills or drafts payable 3 days after presentation	„ 100 0 0	„ 99 16 0	No quotation
Bills or drafts payable 30 days after presentation	„ 99 17 3	„ 99 13 3	£N.Z.100 19 3
Bills or drafts payable 60 days after presentation	„ 99 14 0	„ 99 10 0	£N.Z.100 18 6
Bills or drafts payable 90 days after presentation	„ 99 10 9	„ 99 6 9	£N.Z.100 17 6
Bills or drafts payable 120 days after presentation	„ 99 7 6	„ 99 3 6	No quotation
Sterling Notes	£N.Z.98 1 9		£N.Z.101 0 0

(b) LONDON* ON NEW ZEALAND

Trading Banks in London:

	BUY: N.Z. Currency in the form of Telegraphic Transfers, Bills and Cheques, etc., payable in New Zealand and N.Z. Notes At the rate of £Stg.100 0 0 per:—		SELL: N.Z. Currency in the form of Telegraphic Transfers and Drafts† payable in New Zealand and N.Z. Notes. At the rate of £Stg.100 0 0 per:—
Telegraphic Transfers (remittances by cable)	£N.Z.101 0 0		£N.Z.100 7 6
	Air Mail‡	Sea Mail	Air Mail and Sea Mail
Bills, Cheques or Drafts payable "on demand"	£N.Z.101 8 6	£N.Z.101 17 6	£N.Z.100 7 6
Bills or drafts payable 30 days after presentation	„ 101 15 3	„ 102 4 3	No quotation
Bills or drafts payable 60 days after presentation	„ 102 2 0	„ 102 11 0	No quotation
Bills or drafts payable 90 days after presentation	„ 102 8 9	„ 102 17 9	No quotation
Bills or drafts payable 120 days after presentation	„ 102 15 6	„ 103 4 6	No quotation

(c) NEW ZEALAND ON OTHER COUNTRIES

Trading Banks in New Zealand:

	BUY: Telegraphic Transfers	BUY: Cheques and Bills on Demand Sea Mail	BUY: Notes and Coin	SELL: Telegraphic Transfers Cheques, Bills Notes and Coin, on Demand
Australia (£A. per £N.Z. 100)	£A.124 10 9	£A.124 10 9	£A.126 14 3	£A.124 0 0
South Africa (£N.Z. per £S.A. 100)	£N.Z.99 11 6	£N.Z.98 17 6	£N.Z.97 2 10	£N.Z.101 3 0
India and Ceylon (N.Z. pence per Indian rupee)	$17\frac{7}{8}$d.	$17\frac{53}{64}$d.	$17\frac{33}{64}$d.	$18\frac{3}{8}$d.
Pakistan (N.Z. pence per Pakistan rupee)	$25\frac{3}{4}$d.	$25\frac{11}{16}$d.	$25\frac{15}{64}$d.	$26\frac{25}{64}$d.
Canada § (Canadian dollars per £N.Z.)	$Can. 2.9773	$Can. 2.9889 $Can.2.9828(Air)‡	$Can. 3.0412	$Can. 2.9392
United States of America (U.S. dollars per £N.Z.)	$U.S. 2.7964	$U.S.2.8050 $U.S.2.8012(Air)‡	$U.S.2.8541	$U.S.2.7627
France (French francs per £N.Z.)	987.82	992.36	1,009.73	963.28
Belgium (Belgian francs per £N.Z.)	141.05	141.79	144.27	137.35
Switzerland (Swiss francs per £N.Z.)	12.25	12.29 12.26 (Air)‡	12.51	12.00
Holland (Guilders per £N.Z.)	10.68	10.72	10.91	10.45
Sweden (Kroner per £N.Z.)	14.55	14.63	14.88	14.23

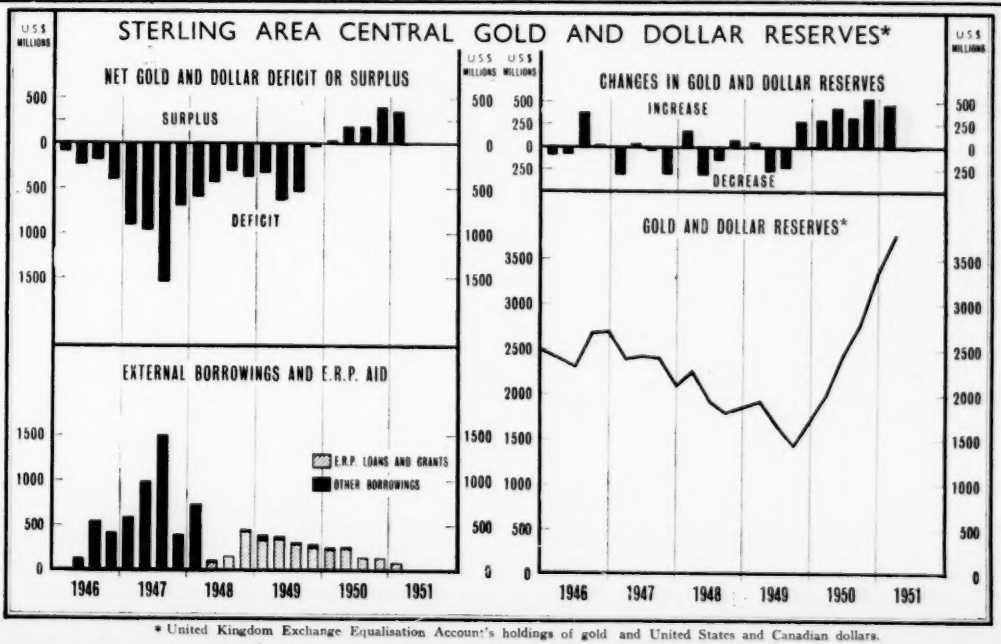
* These rates apply to all parts of the British Isles. ‡ Customer pays Air Mail postage. † Including mail transfers. § Subject to frequent fluctuations.

VI–STERLING AREA CENTRAL GOLD AND DOLLAR RESERVES*

(U.S. $ millions)

Source: United Kingdom White Paper, Cmd. 8201

Period	GOLD AND DOLLAR RESERVES*		NET GOLD & DOLLAR DEFICIT OR SURPLUS	RECEIPTS FROM LOANS AND GRANTS					
	Amount at end of Period	Change during Period		Drawings on U.S. Credit	Drawings on Canadian Credit	Drawings on I.M.F. by Sterling Area Countries		South African Gold Loan	Receipts under E.R.P.
						U.K.	Other		
1946:									
1st Quarter	2,384	— 92	— 92	—	—	—	—	—	—
2nd „	2,301	— 83	— 228	—	145	—	—	—	—
3rd „	2,682	+ 381	— 178	400	158	—	—	—	—
4th „	2,696	+ 14	— 406	200	220	—	—	—	—
Year		+ 220	— 904	600	523	—	—	—	—
1947:									
1st Quarter	2,380	— 317	— 917	500	100	—	—	—	—
2nd „	2,410	+ 30	— 973	950	53	—	—	—	—
3rd „	2,383	— 27	— 1,537	1,300	150	60	—	—	—
4th „	2,079	— 304	— 704	100	120	180	—	—	—
Year		— 618	— 4,131	2,850	423	240	—	—	—
1948:									
1st Quarter	2,241	+ 162	— 595	300	45	60	28	325	—
2nd „	1,920	— 321	— 434	—	7	—	16	—	89
3rd „	1,777	— 143	— 306	—	—	—	—	—	163
4th „	1,856	+ 79	— 375	—	—	—	24	—	430
Year		— 223	— 1,710	300	52	60	68	325	682
1949:									
1st Quarter	1,912	+ 56	— 330	—	30	—	32	—	324
2nd „	1,651	— 262	— 632	—	30	—	—	—	339
3rd „	1,425	— 225	— 539	—	29	—	—	—	284
4th „	1,688	+ 263	— 31	—	27	—	20	—	247
Year		— 167	— 1,531	—	116	—	52	—	1,196
1950:									
1st Quarter	1,984	+ 297	+ 40	—	27	—	—	—	230
2nd „	2,422	+ 438	+ 180	—	18	—	—	—	240
3rd „	2,756	+ 334	+ 187	—	—	—	—	—	147
4th „	3,300	+ 544	+ 398	—	—	—	—	—	145
Year		+ 1,612	+ 805	—	45	—	—	—	762
1951:									
1st Quarter	3,758	+ 458	+ 360	—	—	—	—	—	98



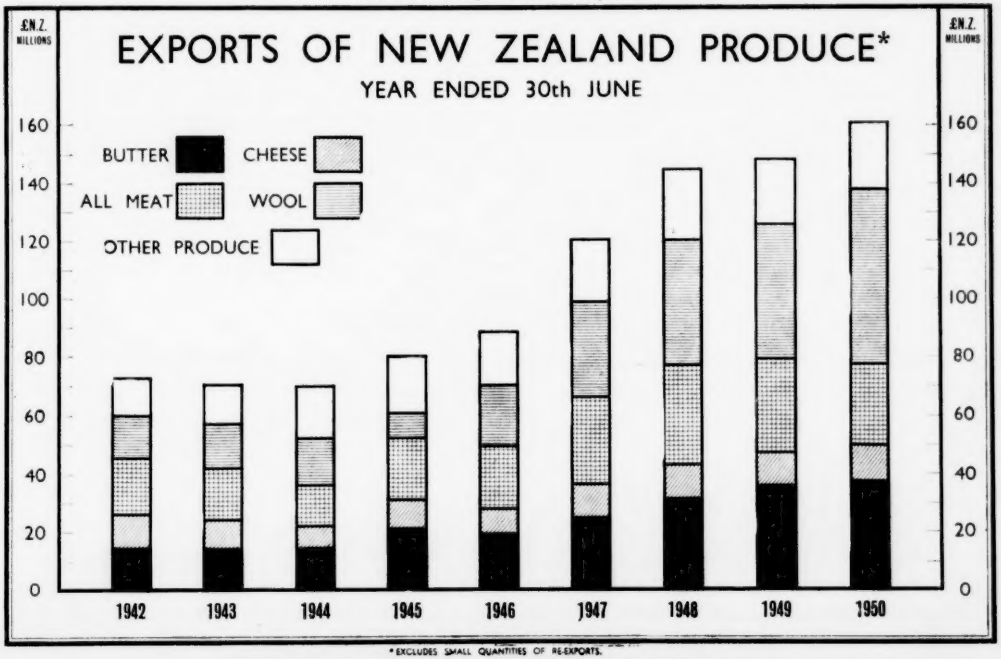
* United Kingdom Exchange Equalisation Account's holdings of gold and United States and Canadian dollars.

VII–EXPORTS OF NEW ZEALAND PRODUCE

(Year ended 30th June) *Source: Monthly Abstract of Statistics, Census and Statistics Department*

Commodity	Unit	QUANTITY 1947	1948	1949	1950	VALUE (£N.Z.000) 1947	1948	1949	1950
DAIRY PRODUCE:									
Butter	Tons(000)	118	127	147	148	25,081	31,492	35,122	37,042
Cheese	,,	88	83	83	90	11,177	12,254	11,277	12,711
Dried Milk	,,	15	15	20	26	1,195	1,314	1,787	2,212
Condensed Milk, etc.	,,	8.8	8.1	11.7	10.9	610	594	877	836
FROZEN MEAT:									
Beef	,,	55	63	55	53	3,253	4,005	3,198	3,034
Lamb (whole carcases)	,,	174	186	199	164	16,994	19,195	18,746	16,039
Mutton ,,	,,	84	71	71	50	4,197	3,859	3,801	2,905
Pork	,,	5.6	11	10	8	579	1,248	1,086	970
Veal	,,	8.0	7.8	8.2	8.0	520	521	395	479
Other	,,	16	20	19	22	1,330	1,838	1,479	1,562
OTHER MEAT:									
Canned	,,	8.7	6.2	6.2	5.3	1,401	953	946	809
Sausage-casings	,,	2.4	2.5	2.4	2.3	1,576	2,116	1,972	2,310
HIDES AND SKINS:									
Calf-skins	No. (millions)	0.8	0.8	0.8	0.9	753	1,195	828	897
Cattle-hides	,,	0.4	0.5	0.4	0.3	1,333	2,098	1,737	1,385
Sheep-skins—									
With Wool	,,	1.2	1.2	0.8	0.7	553	734	399	398
Without Wool	,,	15	15	14	19	4,105	5,011	3,675	5,129
Rabbit-skins	,,	15	15	11	11	1,313	977	659	304
WOOL:									
Greasy	Lbs. (millions)	294	317	342	307	21,864	30,439	34,913	44,555
Scoured	,,	51	42	38	38	5,175	5,829	5,499	6,533
Slipe	,,	68	64	58	61	5,839	6,581	6,836	8,978
MISCELLANEOUS:									
Apples (fresh)	Tons(000)	3.2	16	11	16	87	780	431	654
Peas	,,	12	25	20	20	616	1,195	968	839
Grass & Clover Seeds	,,	7.0	7.9	8.4	8.4	2,078	1,360	1,681	1,565
Refined Fats & Tallow	,,	27	29	27	31	1,882	3,115	2,869	3,380
Gold	Oz.(000)	108	90	45	75	1,136	941	402	861
ALL OTHER		..	..	..	..	6,088	5,399	6,299	5,302
TOTAL†	..	..	..	..	..	**120,735**	**145,043**	**147,882**	**161,689**

†Excludes small quantities of re-exports.



*EXCLUDES SMALL QUANTITIES OF RE-EXPORTS.

PRINTED IN NEW ZEALAND BY WHITCOMBE & TOMBS LIMITED